



**CALL FOR PUBLIC COMMENTS AND NOTICE OF PUBLIC HEARING  
ON  
ZESCO'S EMERGENCY TARIFF APPLICATION**

**AUGUST 2024**

## **1.0 INTRODUCTION**

The Energy Regulation Board (ERB) declared an emergency with respect to ZESCO Limited's ("ZESCO" or "the Utility") inability to meet the national electricity demand due to external factors beyond the control of the Utility.

Subsequent to the declaration of emergency, the ERB received an application from ZESCO Limited for the approval of an emergency tariff adjustment for its Residential, Commercial and Maximum Demand customer categories.

By law, the ERB during an emergency is not automatically required to undertake a Public Hearing. However, this Public Notice and Consultation Paper (PCP) is issued in the interest of best regulatory practice and in keeping with the ERB's mission to be responsive to stakeholders' needs and to ensure transparency with regard to the emergency situation and the efforts to manage the energy crisis.

Specifically, the PCP seeks to solicit input and views from interested and affected parties in order to achieve a fair balance between the interests of customers (end-users), the licensee (ZESCO) and the public at large. The input will be considered and form part of the decision-making process of the Board of Directors of the ERB.

## **2.0 LEGAL BASIS FOR TARIFF REVIEW**

The ERB's declaration of a state of emergency via Gazette Notice issued on 12<sup>th</sup> April 2024 was made in accordance with Section 18 of the Electricity Act No. 11 of 2019.

Section 18 further provides that:

*16 (3) Where the emergency is declared, the licensee shall submit the proposed tariff adjustment to the Energy Regulation Board for approval.*

*(4) The Energy Regulation Board may in approving the proposed tariff under subsection (3), dispense with the holding of a public hearing.*

*(5) The Energy Regulation Board may review the declared emergency under subsection (1) at intervals not exceeding three months for purposes of determining whether the emergency still exists.*

## **3.0 ZESCO'S APPLICATION**

Following the declaration of emergency in April, 2024, ZESCO submitted an emergency tariff proposal Power Purchase Agreement based customers, which application was granted by the Board. ZESCO has now submitted an application for an emergency tariff for three (3) customer categories, namely, Residential, Commercial and Maximum Demand.

### **3.1 Proposed Changes to Tariff Structures**

The tariffs for Social and Water Pumping customer categories are not affected by the proposal. ZESCO's proposed adjustments are summarised as follows.

### 3.1.1 Residential Customers (e.g. Households)

- i. Restructure the tariff structure to expand the current 4 tariff bands to 6.
- ii. Maintain the life-line tariff cost for the first 100 units.
- iii. Increase the cost for customers consuming over 200 units.
- iv. Tariffs will rise between 50 and 156 percent.

This adjustment is anticipated to impact approximately 44% of customers or 417,365 households, representing a combined consumption of around 220MW, which accounts for roughly 70 percent of the residential demand. Table 1 presents the proposed Residential tariffs.

**Table 1: Summary of ZESCO's residential customer emergency tariff proposals**

Tariff categories	Current tariff K/kWh	Proposed emergency tariff K/kWh	Change in %	Emergency tariffs in US¢/kWh
Residential R1 ≤ 100	0.44	0.44	-	1.76
Residential R2 > 100 ≤200	1.05	1.05	-	4.20
Residential R3 > 200 ≤300	1.05	1.58	50	6.32
Residential R4 >300 ≤400	1.69	2.54	50	10.16
Residential R5 [New] >400 ≤500	1.69	2.96	75	11.84
Residential R6 [New] >500	2.44	6.25	156	25.00

### 3.1.2 Commercial Customers (e.g. Saloons, Barber Shops, Grocery Stores)

- i. Reduce tariffs for consumption below 100 units.
- ii. Increase tariffs for consumption exceeding 500 units.

The impact is a 3% reduction in tariffs for low-consumption consumers and an increase by up to 38% for high-consumption customers. Table 2 presents the proposed Commercial tariffs which encompasses customers consuming below 16KVA of power.

**Table 2: Summary of ZESCO's commercial customer emergency tariff proposals**

Tariff categories	Current tariff K/kWh	Proposed emergency tariff K/kWh	% Change
Commercial C1 ≤ 100	0.78	0.64	(21)
Commercial C2 > 100 ≤300	1.35	1.35	-
Commercial C3 >300 ≤500	2.19	2.19	-
Commercial C4 (New) >500	2.28	3.15	38

### 3.1.3 Maximum Demand Customers (e.g. Manufacturers, Farmers, Shopping Malls)

- i. Maintain the current tariffs for 70% of the total electricity consumed in a month.
- ii. Increase tariffs for 30% of the total electricity consumed in a month.

The proposal results in an increase in tariffs by 50% - 143%. However, customers with existing and active partial Emergency Power Supply Agreements (PSAs) with ZESCO will not be subjected to the emergency tariff changes.

### **3.2 Aim of the Emergency Tariff**

ZESCO requires to raise US\$68 million to procure 300MW. The aim of the application for an emergency tariff is to raise revenues amounting to about US\$14 million monthly to support the procurement of 300MW as follows:

- i. 70MW from South Africa;
- ii. 50MW from Mozambique; and
- iii. 180 MW through the deployment of in-land diesel generators.

In addition to the \$14 million to be raised from retail customers, US\$37 million will come from non-retail customers (i.e., customers on Power Purchase Agreements), and US\$17 million will come from ZESCO's own funds.

### **3.3 Expected outcomes of this application**

The overall aim of the tariff application is to mitigate the situation. Specifically, the expected outcomes are as follows:

- i. Import and replace the power that will be lost when Maamba Collieries Limited undertakes its scheduled maintenance.
- ii. Import and replace the power that will be lost when Kariba North Bank Power Station shuts down in September 2024 due to depleting water levels at the Kariba Dam;
- iii. Support the deployment of inland diesel generator plants;
- iv. Promote energy efficiency among consumers and compel them to switch to other sources such as LPG and solar; and
- v. Enable power saved to be channelled to productive sectors of the economy.

### **4.0 EFFECTIVE DATE**

The effective dates for proposed emergency tariffs shall be for three (3) months with effect from 1<sup>st</sup> September to 30 November 2024 when the emergency tariffs will be reviewed again by the Board.

### **5.0 CALL FOR PUBLIC COMMENTS AND NOTICE OF THE PUBLIC HEARING ON THE PROPOSED EMERGENCY TARIFF**

In light of the foregoing, the public is hereby invited to attend a hybrid (physical and virtual) Public Consultation Meeting regarding ZESCO's application on Wednesday, 21<sup>st</sup> August 2024 at the ERB Headquarters (HQ) in Lusaka. The meeting will accord members of the public that will submit written comments an opportunity to engage the Utility on it's application and provide comments on the same.

Comments should be sent to the following email address: [tariffs@erb.org.zm](mailto:tariffs@erb.org.zm)

**The deadline for the submission of comments is 20<sup>th</sup> August 2024.**

Kindly provide the name, address, telephone number and email address of the person or organization submitting the comments. Comments received after the deadline will not be considered.

ERB will collate all comments received by the deadline, which comments will be taken into consideration when the decision is taken by the Board to either approve or reject ZESCO's application.

ERB also invites the public and all stakeholders to attend the scheduled public hearing on ZESCO's application. The public hearing will be conducted nationally as indicated below.

Date: 21<sup>st</sup> August 2024

Time: 09:00 – 13:00 hours

Venue: ERB Auditorium and Virtual meeting via Microsoft Teams

Members of the public and stakeholders wishing to make their presentations and attend the hearing must submit their requests by 13:00 hours on 20<sup>th</sup> August 2024 to the ERB at: [tariffs@erb.org.zm](mailto:tariffs@erb.org.zm)

The public hearing registration form is available on the ERB website on [www.erb.org.zm](http://www.erb.org.zm)

For the full details of the emergency tariff application by ZESCO, please visit the ERB website on <https://www.erb.org.zm/>

**6.0 ERB APPROVAL PROCESS OF THE ZESCO APPLICATION FOR THE EMERGENCY TARIFF ADJUSTMENT**

In making a decision to either approve or reject the ZESCO application, ERB will follow the process as tabulated below with indicative timelines.

Activity	Actual/Indicative Date
Publishing the Public Consultation Paper	16 August 2024
Closing date for submission of written comments and registration	20 August 2024
Public Hearing	21 August 2024
Board Meeting	22 August 2024
Board Decision Announcement	23 August 2024

*We safeguard your interests*